BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Subscriber Carrier	)	
Selection Changes Provisions of the	)	
Telecommunications Act of 1996	)	CC Docket No. 94-129
	)	
Policies and Rules Concerning	)	
Unauthorized Changes of Consumers'	)	
Long Distance Carriers	)	

AMERITECH COMMENTS

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September 15, 1997

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I. INTRODUCTION AND SUMMARY

The Ameritech Operating Companies (Ameritech) submit the following comments in response to the Commission's Further Notice of Proposed Rulemaking (the Notice) in the above-captioned proceeding. Ameritech is pleased that the Commission has initiated this proceeding. As the Commission recognizes, the number of slamming complaints has been skyrocketing despite a series of Commission initiatives that were intended to curb the slamming problem. This unfortunate trend is likely to continue - indeed, accelerate - as new telecommunications markets are opened to competition.

Already, slamming is so pervasive that the problem is garnering significant attention in Congress. Just a year and one half after enactment of section 258 of the Act, there are now no less than six separate bills pending in Congress concerning slamming. Moreover, on July 31, 1997, the Senate passed a

Sense of the Senate resolution finding, inter alia, that "the Commission has not been able to effectively deter the practice of slamming," and that "the Senate should examine the issue of slamming and take appropriate legislative action in the 105th Congress to better protect consumers . . . "

The Commission should not wait for Congress to act. It has the authority and the ability to escalate the war against slamming on its own, and it is imperative that it promptly do so. Some of the proposals in the Notice represent a good start. These include the Commission's proposals to extend its verification rules to local exchange carriers, broaden the liability of slammers, and maintain so-called "PC freezes" (hereinafter PC protection or slamming protection) as an option by which consumers can protect themselves against slamming.

These proposals, however, do not go far enough. In order to curb slamming effectively, the Commission must establish streamlined procedures to identify and protect consumers from repeat or habitual slammers. Even more importantly, the Commission must more clearly and comprehensively define slamming to ensure that all forms of slamming for all types of services are encompassed within Commission rules and subject to the stiffer penalties prescribed. In particular, the Commission must adopt specific rules to prevent and punish deceptive marketing practices that mislead customers, either actively or by omission, as to the nature of the presubscribed carrier (PC) change they have ostensibly "authorized." With the advent of intraLATA toll dialing parity, these practices are becoming commonplace, as carriers and their telemarketers

prey on customer confusion in procuring PC changes to which the customer has not consented. So prevalent are these practices that they are becoming a dominant, if not *the* dominant, mode of slamming. The Commission will not have fulfilled its responsibility to protect the public against unauthorized PC changes unless it takes adequate steps to prevent such tactics, as well as the more traditional types of slamming. Ameritech comments in more detail below on these and other issues raised in the Notice.

II. BACKGROUND: THE SLAMMING PROBLEM

The Commission first began receiving slamming complaints after the entry of multiple competitors into the long-distance marketplace following the divestiture of AT&T.[1] Since then, slamming has become an increasingly serious consumer problem. It is now the largest source of consumer complaints filed with the FCC's Common Carrier Bureau, accounting for 34% of all such complaints, according to the most recent statistics available.[2] Moreover, despite a series of orders throughout the early 1990s in which the Commission attempted to address the slamming problem, the number of slamming complaints has continued to skyrocket. Thus, in 1995 the Commission received

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[1] Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers, 10 FCC Rcd 9560, 9561 (1995).

[2] Common Carrier Scorecard, FCC, Common Carrier Bureau, Enforcement and Industry Analysis Divisions, Fall 1996 at 14 (Common Carrier Scorecard).

more than 11,000 slamming complaints, a six-fold increase over the number of such complaints just two years earlier.[3]

Just as the FCC has been inundated with slamming complaints, so too have state authorities. For example, in 1995 the Illinois Attorney General's office reported that slamming had become the number one source of consumer complaints of any kind in Illinois, bypassing, for the first time, such perennial sources of consumer complaints as home and car repairs.

These complaints, however, are just the tip of the iceberg. Undoubtedly, most consumers who are slammed do not file complaints with state or federal regulators. Some may not realize they have been slammed; others may not have the time or wherewithal to do anything about it. Still others contact their local telephone company to complain. Indeed, these customers tend to blame their local telephone company for the slam - a situation that is untenable as local telephone markets are opened to competition.

Ameritech alone received over 23,000 slamming complaints from customers in 1995, more than double the number lodged with the FCC. Less than two years later - during the period July 1, 1996 through June 30, 1997 - this number had grown to over 71,000 consumer complaints, a more than three-fold increase.

Other LECs apparently have been even more inundated with slamming complaints. For example, Southwestern Bell Telephone Company (SWBT) and

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[3] Notice at para. 6.

Pacific and Nevada Bell indicate that they now receive over 575,000 slamming complaints per year. SWBT states that it expended over 125,000 hours during 1996 handling these complaints.[4]

One reason why the incidence of slamming is skyrocketing is the introduction of intraLATA toll dialing parity. Most consumers do not understand the concept of local access transport area (LATA) boundaries or the differences between intraLATA and interLATA toll services, and interexchange carriers have been doing their best to exploit this confusion to their advantage. Thus, since February 1997, when Ameritech began differentiating between intraLATA toll and interLATA toll slamming complaints, approximately 40% of the consumer slamming complaints received by Ameritech have involved intraLATA toll slamming. This statistic is nothing less than remarkable considering that: (i) Ameritech has not yet implemented intraLATA toll dialing parity in two of its five states, and (ii) intraLATA toll slamming is much less likely to be detected by customers than interLATA slamming, since it is usually perpetrated by the customer's chosen interLATA carrier and thus does not manifest itself through a bill from a carrier with which the customer has never chosen to do business at all.

Unfortunately, these intraLATA toll slamming complaints do not even begin to convey the rampancy of intraLATA toll slamming in the Ameritech

region. Like many carriers - both local and long distance - Ameritech makes an effort to contact customers after they have switched from Ameritech to another carrier in an effort to win them back.[5] During the six-month period beginning January 1, 1997, and ending June 30, 1997, approximately 36% of all residential customers contacted and 25% of all small business customers contacted as part of these "winback" efforts indicated that their intraLATA toll service provider had been changed without their knowledge, authorization, or consent.

The Commission must act, and it must act now, to quell this rising tide of consumer fraud. The Commission has long recognized that slamming is not only anti-consumer, but anticompetitive.[6] Therefore if competition is truly to thrive in the wake of the 1996 Act, and if consumers are to benefit from such competition, the Commission must crack down on slamming more aggressively than it has in the past. This effort must include rules that address the new contexts in which slamming is taking place as a result of the competitive opportunities made available by the 1996 Act. Ameritech believes that the Commission recognizes this imperative in the Notice, and it eagerly awaits the adoption of new anti-slamming measures.

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[4] Petition of Southwestern Bell Telephone Company, Pacific and Nevada Bell Concerning Rules to Deter the Unauthorized Changes of Consumers' Long Distance Carriers, filed June 20, 1997.

[5] Ameritech does not initiate these contacts before executing the switch.

[6] As the Commission observes in the Notice, not only are consumers incensed by slamming but slamming distorts telecommunications markets by enabling companies engaged in misleading practices to increase their customer bases, revenues and profitability through illegal means. Notice at paras. 4 and 8.

III. Discussion

A. The Commission Should Modify its Existing Verification Rules To Better Protect Consumers From Local and Especially IntraLATA Toll Slamming

In paragraph 9 of the Notice, the Commission tentatively concludes that its existing verification procedures, with certain specified additions and modifications, will best implement section 258, protect the rights of consumers, and promote full and fair competition. Ameritech agrees in large part with this tentative conclusion. For example, Ameritech agrees that existing verification procedures provide a suitable framework for modified rules that would apply to all telecommunications carriers, including LECs. Ameritech believes, however, that the existing rules need to be revised to reflect the fact that telecommunications carriers are now likely to be selling multiple services at the same time, including local exchange, intraLATA toll, and/or interLATA services. Although the Commission's rules contemplate the simultaneous sale of intraLATA toll and interLATA services, they do not adequately address the situation, and they do not contemplate local exchange competition at all. Rule changes are needed to ensure that customers are not misled when carriers market multiple services to them.

This need for new rules is particularly evident in the context of intraLATA toll service. At the time the existing verification requirements were adopted, neither the Commission nor carriers had significant experience with intraLATA toll presubscription or an appreciation for the extent to which

intraLATA toll presubscription would precipitate an explosion of new slamming complaints. In just a few years, however, this has become painfully apparent. As noted above, already Ameritech is receiving almost as many intraLATA toll slamming complaints as interLATA slamming complaints. Moreover, an astonishing 36% of all residential customers whose intraLATA toll service provider was switched have indicated that the change was made without their authorization or consent.

Undoubtedly, some of these customers were slammed because the carriers involved did not follow the Commission's existing verification rules. Traditional slamming is bound to be a problem for intraLATA toll service, just as it is for interLATA toll service. Most of these customers, however, were likely victims of a new artifice made possible by the advent of intraLATA toll presubscription service: the practice of preying on customer confusion as to the differences between intraLATA toll and interLATA toll services. As noted above, many - probably most - customers do not understand the distinction between interLATA toll and intraLATA toll service. It is very easy for telecommunications carriers to take advantage of this confusion when marketing to customers, and that is precisely what interexchange carriers are doing. Their marketers - which are often paid on a commission basis - not only do not explain the difference between intraLATA and interLATA toll service, they do their best to blur the distinction. One practice, for example, of which Ameritech is aware is for interexchange carriers to ask customers whether they would like to switch

all of their "long-distance" service, and then (without any further explanation) to construe an affirmative answer as authorization to switch the customers' intraLATA toll along with their interLATA toll service. This change is made without any explanation that the two services are actually distinct services or that the customer has a right to choose two different carriers for those services.

The Commission's rules already make such practices illegal insofar as they prohibit presubscribed interexchange carrier (PIC) changes without customer authorization. Obviously, if customers do not understand what they are agreeing to, any "authorization" they signify is meaningless: they have been slammed, just as if they had never signed a letter of agency (LOA) or spoken to a third party verifier at all.

Unfortunately, however, the rules are not sufficiently specific to ensure that customers actually do understand what intraLATA toll service is and when it is being marketed to them. In this regard, while those rules require that LOAs include "separate statements" regarding a customer's intraLATA and interLATA service options, they do not address the substance of those separate statements, and thus do not ensure that those statements are clear, accurate, and complete. Moreover, the rule with respect to intraLATA toll service applies only to LOAs, not to third party verifications or to the initial direct marketing contact with the customer. Thus, many third party verifiers do not distinguish at all between intraLATA and interLATA toll service, and even those that do often fail to make the distinction explicit.

The Commission must address this deficiency in the current rules. Indeed, since carriers may be selling not only interLATA and intraLATA toll services to customers, but also local services, the Commission should amend its rules to ensure that *all* services that a carrier may be marketing are clearly and accurately identified and described to consumers.[7] Moreover, this obligation should apply not only to LOAs, but to the third party verification process, as well as to the initial sales contact, whether that contact takes place in person on the telephone, or otherwise.

The Commission need not prescribe a marketing script in order to implement these principles, but it should establish requirements and parameters for carrier-designed scripts that are specific enough to ensure that customers are adequately informed when they are asked to make PC changes. At a minimum, if multiple services are being marketed to a customer, that should be made clear. For example, carriers should be required to distinguish between interLATA service, on the one hand, and regional or local toll service, on the other, and to inform customers that those are two different services for which they may choose two different carriers. Likewise, carriers should be required to distinguish among local exchange and other services, including local toll service.

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[7] Indeed, Ameritech has already begun receiving numerous complaints regarding local exchange service slamming. For example, during the last three weeks, Ameritech received well over 400 complaints at just one Ameritech service center regarding local slamming by AT&T.

B. The Commission Should Adopt Streamlined Procedures to Identify and Protect Consumers from Repeat or Habitual Slammers.

Another critical step the Commission must take to check the rising tide of slamming is to streamline the process by which it identifies and protects consumers from repeat or habitual slammers. While the Commission has assessed forfeitures and other penalties against slammers, it is apparent that these actions have not been tough enough or swift enough to deter slamming in the marketplace.

Increasing the penalties imposed against slammers is obviously one remedy. Increased penalties alone, however, are not enough, particularly given the time-consuming procedures that must precede the imposition of forfeitures. To effectively protect consumers against slamming, the Commission must adopt a streamlined method of identifying carriers that appear to be repeat or habitual slammers and subjecting such carriers to special safeguards to prevent them from continuing their rampant slamming.[8] These safeguards could include the type of measures the Commission has already applied in consent decrees with various interexchange carriers (IXCs).[9] For example, they could include requirements that the carrier perform two verifications of every PC change, or that it record all telephone conversations between subscribers and third party verifiers and retain such recordings for a specified period of time. They could

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[8] The Commission may also need to consider de-certification if circumstances warrant.

also include training requirements for employees and marketing agents, as well as audit requirements - for example, a requirement that the carrier engage an independent marketing research firm to place telephone calls in order to evaluate compliance with all required procedures. Commission auditors could also initiate such "test" calls.

Some or all of these safeguards should be invoked automatically if the number of consumer complaints lodged against a carrier during a particular period of time (as a percentage of total PC changes submitted by that carrier) exceeds specified thresholds. The Commission could use as data sources the Common Carrier Scorecard, but a preferable approach that would more accurately reflect actual slamming levels would be to require LECs to submit quarterly reports showing the number of PC change orders submitted by each carrier, and the number disputed by end users.[10] Obviously, the higher the percentage of disputed PC changes, and the longer the period in which the carrier exceeds the threshold levels, the stricter and more protective the safeguards should be. The worst offenders should not be permitted to submit PC changes electronically for a specified period of time. They should, of course, also be required to compensate executing carriers for the increased costs of

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[9] See, e.g. Cherry Communications, Inc., 9 FCC Rcd 2086 (1994); AT&T Corp., 11 FCC Rcd 17312 (1996).

[10] Because, as noted above, consumers who are slammed are far more likely to complain to their LEC than file a complaint at the FCC, the number of complaints received by LECs would be a better gauge of actual slamming levels.

processing their PC changes on a manual basis.[11] By adopting these automatically triggered safeguards, along with stiffer penalties in enforcement proceedings, the Commission should be able to significantly reduce the incidence of slamming.

Ameritech believes that the application of such safeguards (as opposed to forfeitures) based on unadjudicated consumer complaints would not violate the due process rights of carriers, since these safeguards would be nothing more than an alternative set of PC change procedures to be applied in circumstances specified in Commission rules - namely, where there is compelling evidence of likely widespread fraud. The establishment of special safeguards based on the presumed need for such safeguards is, of course, a common Commission practice.[12]

C. Carriers that Execute PC changes Should Not Have Independent Verification Obligations

In paragraphs 12 through 14 of the Notice, the Commission asks whether carriers that execute PC changes should be required to duplicate the PC change

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[11] It is considerably more expensive for an executing carrier to process PC changes manually than electronically. If the Commission concludes that a carrier is apparently engaging in slamming to such an extent that it should not be permitted to submit PC changes electronically, that carrier should have to bear the full costs associated with such manual submissions. This approach is, of course, consistent with the Commission's longstanding approach of imposing costs on the cost- causers.

[12] For example, the Commission requires dominant carriers to file tariffs, but has relieved nondominant IXCs from that obligation on the ground that nondominant IXCs presumably cannot exercise market power. The Commission has also imposed countless rules on incumbent LECs to address their presumed ability to engage in various practices.

verification efforts of the submitting carrier. This inquiry is prompted by the language of section 258, which states that carriers shall not submit *or execute* a PC change without complying with the Commission's verification procedures.

Ameritech submits that this language simply refers to a situation in which there is no submitting carrier, only an executing carrier - for example, when a local exchange carrier signs up a customer for its own long-distance service. The statutory provision makes clear that, in that situation, the LEC must verify the PC change to the same extent as a submitting carrier would.

Ameritech thus agrees with the Commission's tentative conclusion that an executing carrier should not be required to duplicate the PC change verification efforts of the submitting carrier. Indeed, while the Commission observes that such a rule could double the transaction costs associated with PC changes, in fact, it would likely more than double those costs. That is because the submitting carrier can initiate the third party verification process at the time it completes the sale to the customer - thereby ensuring that process can be expeditiously completed. An executing carrier, in contrast, which would be contacting the customer at a later time, might need to try the customer several times before successfully reaching him or her and obtaining the necessary verification.

Moreover, requiring executing carriers to reconfirm PC changes submitted by their competitors would undoubtedly lead to disputes and

accusations when executing carriers were unable to reconfirm PC changes submitted to them. These disputes would add to the transaction costs of PC changes, while taxing the already-stressed resources of the Commission.

In short, while a second verification would undoubtedly reduce the incidence of slamming, there are far better ways to accomplish this end. The Commission should affirm its tentative conclusion and not require executing carriers to re-verify PC changes submitted to them.

D. The Commission Should Not Establish Special Rules for Incumbent LECs.

In paragraph 15 of the Notice, the Commission asks whether incumbent LECs (ILECs) should be subject to different requirements and prohibitions than other carriers, including so-called "competitive LECs" (CLECs). The Commission suggests that, to avoid losing local customers, an ILEC could potentially delay or refuse to process PC change requests from local exchange service competitors or could attempt to change the subscriber's decision before executing the PC change.

Ameritech does not currently delay processing of PC change requests it receives from its competitors in order to market to the underlying customer and would not oppose a rule to that effect. It does oppose, however, rules that apply only to ILECs, but not to CLECs. Contrary to the Commission's apparent assumption, a CLEC that has received a PC change request on behalf of one of its customers is no less able than an ILEC to mount a last-ditch marketing effort to

keep the customer. Indeed, for a number of reasons, it is likely to have a much *greater* ability to launch such an effort. For one thing, CLECs generally enjoy considerably more pricing flexibility than do ILECs, which gives them a unique ability - not enjoyed by ILECs - to offer cut-rate deals that are targeted to customers who have indicated their intent to switch carriers. Thus, CLECs, much more so than ILECs, are likely to have the regulatory flexibility needed to offer a special deal to a customer on whose behalf a PC change has been submitted.

Aside from that, ILECs are already subject to various section 251 requirements that do not apply to CLECs and that minimize the potential for inappropriate handling of PC changes. Most significantly, ILECs must provide competing carriers with nondiscriminatory access to their operations support system (OSS) functions for, *inter alia*, pre-ordering, ordering, and provisioning of resale services, network elements, and interconnection.[13] Through such access, CLECs are able to use electronic interfaces to submit orders for facilities and services and then monitor the status of those orders until they have been completed. Moreover, ILECs will provide detailed reports that demonstrate that those systems are functioning and that CLECs obtain nondiscriminatory access

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[13] OSS functions are the "back office" databases and information used to support the provision of service to end users. The Commission has required access to OSS functions that serve five different business activities: pre-ordering, ordering, provisioning, repair and maintenance, and billing. See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-325, released August 8, 1996, at paras. 516-528.

to all OSS functions.[14] Under these circumstances, it is hard to understand how an ILEC could intercept a CLEC PC change request, delay the processing of that request, and attempt to win-back the customer before implementing it.[15]

The Commission nevertheless suggests that because ILECs have more customers than CLECs, they have a unique ability to engage in anticompetitive conduct with respect to PC changes. While the relative number of customers of ILECs and CLECs may indicate which type of LEC is likely to execute a greater number of PC changes, it says nothing about how each is likely to handle those PC- changes that they are asked to execute. Indeed, as history as shown, it is the small carriers - the new entrants - that are often the most egregious abusers of the PC change process.[16] For the Commission thus to suggest that only ILECs - but not CLECs - should be subjected to safeguards is to ignore the history of slamming to date.

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[14] At least with respect to the Bell operating companies, the Commission has taken what Commissioner Chong has characterized as a "hard line" on access to OSS functions. See Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services in Michigan, CC Docket No. 97-137, FCC 97-298, released August 19, 1997, Separate Statement of Commissioner Chong. Indeed, notwithstanding the fact that in requiring access to OSS functions, the Commission did not adopt any performance measurements or reporting requirements, the Commission has made it clear in its Michigan 271 Order that extensive and rigorous performance measurements and reporting will be required in order for a BOC to obtain interLATA relief. These reports will highlight any delays in the processing of CLEC orders.

[15] It also should be noted that, while opponents of Ameritech Michigan's section 271 application, raised every conceivable objection they could to the application, no one suggested that Ameritech Michigan could or would engage in that type of marketing activity.

[16] See, e.g Heartline Communications, Inc., 11 FCC Rcd 18487 (1996)(Notice of Apparent Liability); Excel Telecommunications, Inc. 10 FCC Rcd 10880 (Com. Car. Bur. 1995)(Forfeiture Order). See also Common Carrier Scorecard, FCC, Com. Car. Bureau, Enforcement and Industry Analysis Divisions, Fall 1996 at 16-17 and Appendix A (noting that "some smaller companies have complaint ratios that are many times higher than the group average).

Surely, if it is improper for an ILEC to market to customers on whose behalf an ILEC has received a PC change, it is equally improper for a CLEC to do so. If the Commission adopts specific rules addressing this issue, those rules should apply to all executing carriers.

E. The Commission Should Eliminate the Welcome Package Verification Option.

In paragraphs 16 through 18 of the Notice, the Commission asks whether to retain the fourth confirmation procedure set forth in Section 64.100(d) of the Commission's rules - pursuant to which IXCs may verify customers' consent to a PC change by sending customers a prepaid postcard and instructing them that if they do not return the postcard within 14 days, their long-distance service will be switched.

Ameritech opposed this "negative-option" verification procedure when the Commission first proposed it, and it opposes this procedure now. Although Ameritech is not aware of widespread fraud to date through the use of negative options, Ameritech believes that in the PC change context - a context in which there is already rampant fraud - there is a significant potential for abuse of this option. For example, carriers could engage in slamming by mailing welcome packages to customers to whom they have *unsuccessfully* marketed or with whom they had no prior contact at all. Under those circumstances, customers -

assuming they had no relationship with the carrier sending the package - might well be inclined to disregard the mailing. Given the extent to which the interexchange carrier industry has manifested a willingness to commit fraud in order to obtain customers, the Commission should not open the door to such practices. Moreover, this option is not necessary since there are other, better ways in which carriers can verify PC changes without undue cost or inconvenience.[17]

F. The Commission Should Continue to Encourage Consumers to Protect Themselves With PC-Freezes, While Adopting Regulations to Ensure That Consumers are not Misled in the PC-Solicitation Process.

Paragraphs 21 through 24 of the Notice raise issues regarding the use of so-called PC-freezes (hereinafter referred to as PC protection).[18] Noting that MCI, with support from AT&T, recently asked the Commission to regulate the solicitation of PC protection, the Commission suggests that PC protection "may increase the burden of competing carriers in securing new customers."[19] It proposes to prohibit carriers from actively marketing PC protection in conjunction with telecommunications services, or even from including response

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[17] Ameritech proposes below a modification to the rules governing the use of voice response units to facilitate the use of this mechanism for verifying PC protection and PC changes. See infra at pages 22-23.

[18] The term PC-freeze is a misnomer in that it implies that the customer's account is "frozen." In fact, the customer remains free to switch carriers as often as he/she likes; the only requirement is that the customer personally authorize the executing carrier to make the switch. Because this term is thus an inappropriate one, Ameritech hereinafter uses the term "PC protection" to refer to "PC-freezes."

[19] Notice at paragraph 22.

forms in information sent to customers about PC protection. It also asks whether to apply existing PC change verification procedures to PC protection solicitations. In addition, it seeks comment on whether a customer that has elected PC-protection for his/her interexchange service should have to renew such protection if he/she switches LECs. Finally, it asks for comments on factors to be considered in assessing the lawfulness of PC-protection solicitations.

Ameritech believes that the Commission's proposals for regulating PC protection could be improved. In particular, while Ameritech supports rules that are designed to ensure that PC protection is publicized and implemented fairly and in a manner consistent with the public interest, Ameritech opposes proposals that appear to be based on the Commission's assumption that PC protection is *inherently* anticompetitive. That assumption is unfounded. To be sure, PC protection prevents carriers from requesting PC changes on behalf of consumers. That, however, in itself, does not mean that PC protection has the effect of limiting competition. There are a number of options that can and should be made available to consumers for lifting PC protection that would minimize the transaction costs involved. For example, Ameritech permits IXCs to initiate a three-way conference call, pursuant to which the consumer can personally authorize the lifting of his/her PC protection. Participating in this call is no more burdensome for the consumer than the third-party verification process. Similarly, Ameritech has developed a new procedure by which

customers may lift their slamming protection simply by calling a 24-hour number, entering certain customer-identifying information, and then following a recorded voice prompt to indicate their intentions.

The point is that PC protection need not make it unduly burdensome for consumers to effect a PC change. Yet the Commission seems to have assumed, without much foundation, that lifting PC protection not only requires additional time and effort, but so much time and effort as to "have the effect of limiting competition." This is simply not the case.

Instead of essentially prohibiting the marketing of slamming protection, the Commission should continue to view slamming protection as an important component of any anti-slamming strategy, and an option that ought to be available to consumers. To this end, it should take steps to ensure that all carriers that publicize and/or implement PC protection do so in a manner that is consistent with the public interest.[20] In particular, as Ameritech states in its Comments on MCI's Petition, the Commission should adopt rules to ensure that: (1) consumers are fully and accurately informed of their rights and obligations when they elect PC protection;[21] (2) there are simple (*i.e.* not excessively

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[20] At a time when the incidence of slamming is exploding, and there are no less than six bills pending in Congress to address the problem, the Commission should not make it more difficult for consumers to protect themselves against slamming. It certainly should not backtrack on a self-help mechanism that it has consistently endorsed in public statements and written materials, including the most recent edition of the Common Carrier Scorecard. It would be particularly troublesome if the Commission denied consumers the right to protect themselves against slamming based on the paternalistic view that consumers do not know what is best for them.

[21] Just as the Commission prescribed minimum requirements for LOAs used to authorize a change in a consumer's primary interexchange carrier, the Commission should prescribe

burdensome), but secure, procedures by which consumers may lift PC protection; and (3) LECs offering PC protection make it available on nondiscriminatory terms to all of their customers, regardless of which carriers those customers use for their toll services.

Through such measures, the Commission can effectively address its legitimate concerns that the PC protection process - including the solicitation process - could be used to anticompetitive ends. There is no reason, however, to preclude carriers altogether from "marketing" PC protection to consumers. In particular, there is no reason to prohibit a carrier from including a response form with PC protection information sent to consumers, as the FCC proposes. That proposal, by design or effect, would only make it more difficult for customers to elect PC protection. Indeed, assuming the Commission adopts rules to ensure that PC protection solicitations are fair and non-misleading, Ameritech sees no reason why carriers should not be permitted to ask customers whether they would like PC protection at the time the customers sign up for service.

The Commission also seeks comment on whether to extend its current PC change verification procedures to PC protection solicitations. Ameritech supports this proposal, subject to two qualifications. First, the Commission

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minimum informational requirements for PC protection solicitations. Specifically, the Commission should require that any such solicitation meet four requirements: First, it should clearly explain what PC protection is and the abuse to which it is directed. Second, it should clearly indicate the services that would be covered – *i.e.*, whether the protection applies to local exchange, local toll and/or other toll services. Third, it should inform customers of precisely how they may remove PC protection from their account. Fourth, it should inform customers of any charge associated with placing or lifting PC protection.

should revise its verification rules insofar as those rules would limit the use of a voice response unit to verify the election of PC-protection to calls placed from the line to which the PC-protection applied. This restriction should be relaxed - not only for purposes of verifying PC-protection, but for verifying PC changes - because there are equally secure ways to verify the identity of the caller using the voice response unit. For example, the voice response unit Ameritech has implemented for PC changes requires customers to enter the last four digits of their social security number for security purposes. That procedure is less secure than checking the line from which the call was placed.

Second, the Commission should make clear that existing verification procedures may be used only to elect - not to lift - PC protection. As Ameritech explained in its Comments on the MCI Petition, permitting the removal of PC protection based on third party verification is fundamentally at odds with the very purpose of PC protection and would undermine the efficacy of that protection.[22] Indeed, since PC protection is, by definition, an option by which customers may prevent changes to their account without *personal* authorization, allowing the removal of PC protection based on third party verification would, for all intents and purposes, eliminate PC protection.

The Commission asks, further, whether PC protection of a customer's IXC should continue in effect if the customer changes LECs. Ameritech believes that

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[22] See Ameritech Comments filed in response to MCI Petition for Rulemaking, CCB/CPD 97-19, June 4, 1997, at 19-21.